GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:295
ANSWERED ON:18.12.2008
ADMINISTRATIVE EXPENSES OF PUBLIC SECTOR OIL COMPANIES
Tripathy Shri Braja Kishore

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether due to the decrease in oil price in the international market, the remittances of dividend by the oil companies in the public sector will be increased proportionately;

(b) if so, the details thereof;

(c) whether the oil companies are incurring considerable amount on administrative expenses resulting in less dividend to the Government;

(d) if so, the details thereof; and

(e) the steps taken by the Government in this regard?

Answer

MINISTER IN THE MINISTRY OF PETROLEUM NATURAL GAS (SHRI MURLI DEORA)

(a) to (e): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.295 FOR 18.12.2008 REGARDING ADMINISTRATIVE EXPENSES OF PUBLIC SECTOR OIL COMPANIES.

(a) & (b): Due to the unprecedented levels of international prices till August, 2008, the 3 Oil Marketing Companies (OMCs) (Indian Oil Corporation, Hindustan Petroleum Corporation and Bharat Petroleum Corporation) declared combined losses of Rs.14,431 crore for the period April, − September, 2008. At the end of November, 2008, their combined borrowings went upto Rs.1, 15,000 crore and their interest burden for 2008-09 is likely to be Rs.8, 100 crore. Even at the present prices, the OMC's total under-recoveries on the four sensitive petroleum products are projected to be Rs.1,10,381 crore during 2008-09. The OMC's net worth had eroded significantly and their Debt Equity Ratio has deteriorated considerably. Dividend payouts are decided at the level of Board of Directors after due consideration of the financial results at the end of the financial year.

(c) to (e): The Oil PSUs have been observing economy in their administrative expenditure and they have in place adequate control system to avoid wasteful expenditure. They have also been advised to strictly follow the economy measures and measures for rationalization of expenditure as per the guidelines issued by Department of Expenditure.